Waiver of interest on agricultural loan

497. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that the government have announced a waiver of interest on agricultural loans in the drought- affected areas;

(b) if so, the details thereof; and

(c) whether the benefits has not yet been extended to farmers having Kisan Credit Cards?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) In view of the damage caused to crops by drought 2002, it was decided not to effect any recovery of the crop loans, including interest during the financial year 2002-03 in the States affected by the failure of the South-West monsoon. Accordingly, all scheduled commercial banks were advised that for Kharif 2002-03 following relief measures may be extended to the farmers affected by drought in the Districts notified by the State Governments.

1. No recovery of any amount either by way of principal or interest during the year 2002-03 in respect of Kharif crop loan.
2. The principal amount of crop loan be converted into term loan to be recovered over a period of minimum five years in the case of small and marginal farmers and four years in the case of other farmers.
3. Interest due on crop loans in the year 2002-03 be deferred. No interest should be charged on the deferred interest.

Subsequently, it was decided by the Government to waive first year deferred liability of interest on Kharif loan as one time measure. Commercial banks were advised to defer the interest due in the year 2002-03 on Kharif crop loans in such a way that the first instalment of interest payment would be 20% of the deferred interest.The instalment of deferred interest which is to be waived by banks as per Government announcement, would be reimbursed by Government of India.

(c) The interest waiver scheme covered short term loans given to farmers. No instructions were issued to the banks that benefit of the scheme may not be extended to farmers having Kisan Credit Card.